

Remarks of
HENRY A. WAXMAN
CHAIRMAN, SUBCOMMITTEE ON HEALTH
AND THE ENVIRONMENT
to the

Linda Pollin Foundation Conference on
Counseling the Chronically Ill

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Good afternoon. It is a pleasure to be able to speak to you today. In a few short years of existence, the Linda Pollin Foundation has done a tremendous job in working to bring about needed changes in the current medical system. In my years of experience in government, I have come to believe that the most effective advocacy comes from dedicated individuals who speak from the heart about issues that are close to them. Your work in training and education of health professionals is very important at a time when we are trying to make the system more responsive to the needs of all Americans.

The System is Broken

Today I'd like to focus my remarks on an issue that is of growing concern to you and the nation: the prospects for health care reform.

There is great discontent about America's health care system -- and for good reason: the system just isn't working for a lot of people.

It's not working for workers and their families, who are trading wage increases for health benefits -- benefits made more and more costly by uncontrolled medical price inflation and by growing numbers of uninsured people.

It's not working for small businesses, who are watching the small group health insurance market collapse around them. Rather than spreading risk, insurers are doing all they can to avoid it through medical underwriting, preexisting condition exclusions, and benefit limitations.

It's not working for big businesses, who are facing dramatic premium increases that put them at a competitive disadvantage in the global marketplace.

It's not working for the 36 million Americans -- two thirds of whom are workers or their dependents -- who have no insurance coverage, public or private. It is particularly hard for the thousands of people living with chronic illnesses no matter what the diagnosis -- because they have so much trouble getting and keeping health insurance that meets all their needs.

The System won't Fix Itself

We've spent the past twelve years waiting for the invisible hand of the marketplace to solve these problems by itself. You know as well as I do that it hasn't.

It's obvious to me that if we continue to do nothing, then things will just get worse. There will be

- continued high inflation in the price of medical care,
- more and more uninsured Americans,
- higher and higher premium costs for small and large employers,
- more and more out-of-pocket costs for workers and their families,
- larger and larger burdens on the elderly and the Medicare program,
- and greater and greater pressure on Federal and State Medicaid budgets.

The Bush Proposal

After three years in office, the Bush Administration finally seems to recognize that the health care crisis in this country is serious. Unfortunately, the President doesn't really want to do anything about it.

In February, the President gave a widely publicized speech, and

issued a white paper on what he views as "comprehensive reform."

But, the President has not submitted any legislation to implement the white paper, much less made any effort to enact a bill. As the months pass with no action, the President's white paper looks more and more like a sophisticated tactic for opposing health care reform while appearing to support it.

The American people want four things from health care reform:

- protection against the high costs of care,
- guaranteed coverage for basic services,
- choice of their own doctor,
- and a way to pay for it that is fair, doesn't hurt American competitiveness, and does not take benefits away from the elderly and the poor.

The Bush white paper flunks each of these tests.

It does nothing to control rising health care costs. It won't help large employers become more competitive in the global marketplace. It won't make health insurance cheaper for small employers. It won't protect workers and their families from high out-of-pocket costs. In fact, it could well make matters worse.

The President's white paper also won't do much to help 36 million uninsured Americans get basic health care coverage. The paper offers refundable tax credits of up to \$1,250 for an individual and up to \$3,750 for a family of 3 or more, available to families with low incomes, which I'm sure you know, doesn't begin to cover the cost of health insurance these days.

Even though the tax credits won't help the uninsured all that much, they are very costly – in the tens of billions of dollars. How does the President plan to pay for these subsidies? His white paper is silent on this, except to say that Medicaid program spending should be capped.

This is not reform. This is a thinly-veiled attempt to cut Federal spending on the poor women and children.

In short, the President's so-called health care reform plan is nothing more than a last-minute, election year pretense that would do very little for the people who most need health insurance.

House Proposals

Fortunately, there are people in Congress who have been working on real solutions to the health care crisis for years. In the House, a variety of bills have been introduced, including proposals for a single payer program, and bills -- like my own and Chairman Rostenkowski's -- that use an employer choice model supplemented by a strong public plan.

The Waxman Proposal

The proposal I've introduced is based on the recommendations of the Pepper Commission, which called for employers to provide health care coverage to their employees and dependents. They could either purchase private policies, administer their own plans, or enroll their workers into a new Medicare-like public program.

For people who are outside the workforce, the bill would provide coverage through the new public program -- a program which would be completely independent of Medicaid and the welfare system.

The elderly would continue to receive coverage through Medicare.

The poor would receive coverage for basic health services under either the new public health insurance plan or through their employers. Medicaid benefits like long-term nursing home care that are not included in the basic services package would continue to be offered through the current Medicaid program under existing rules. Current State spending for Medicaid coverage for hospital, physician, lab, and other basic health services would be phased out, with the Federal government assuming the entire cost.

Single Payor and Compromise

There are other strong approaches to health care reform. Chairman Dingell has introduced a single payor plan financed by a value added tax, or VAT. Mr. Russo has introduced a Canadian-style single payor bill that has a large number of cosponsors in the House.

My view has always been that, while employer choice and single payor plans are different, they share the common objectives of universal coverage and cost containment. And this agreement far outweighs any differences in design.

We just can't allow the differences between these approaches to block achievement of health reform, because either of them is clearly superior to the status quo.

During the last few weeks I have been exploring with Chairman Dingell a health reform proposal that the Energy and Commerce Committee could report. We have agreed to work together to develop a plan with universal coverage and strong cost controls.

I can't give you any details on this yet, but I can tell you that under the proposal, all Americans will be entitled to coverage for basic health care benefits, including hospital, physician, diagnostic, and preventive services and prescription drugs. Mental health benefits would be covered, subject to a cost-sharing requirement.

Conclusion

Chairman Dingell and I are committed to finding a majority on the Energy and Commerce Committee for health care reform this spring. I know that Chairman Rostenkowski intends to report out legislation as well. And I know that the House Leadership wants very much to bring a bill to the floor and send it to the President this year.

I hope that we can look to you for input and support as we move forward in this process.

HENRY A. WAXMAN, CALIFORNIA, CHAIRMAN

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Possible Questions

KAREN NELSON, STAFF DIRECTOR

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Question: Mr. Waxman, what provisions for coverage of mental health services are included in your reform bill, and what do you think are the prospects for mental health coverage in any legislation that passes the Congress?

Answer: I have long supported coverage of mental health services in health reform legislation. In the bill I introduced last June, based on the recommendations of the Pepper Commission, coverage is provided for both inpatient and outpatient services. Inpatient coverage is limited to 45 days a year, and outpatient visits are limited to 25 per year. In addition, the co-insurance rate for these services would be set at 50 percent.

I expect to include coverage for these services in the bill I am working on with Chairman Dingell. I also hope to improve this benefit by reducing the co-insurance requirement from 50 percent to 20 percent which would conform this policy to the cost-sharing requirements for other benefits.

I would offer a note of caution, however, with respect to the possibility of small market insurance reform legislation that might make mental health benefits for such small groups optional. This is another reason why I have opposed this kind of limited reform, and why I fear that it would do more harm than good.